

MVV ENERGIE – ENERGISING THE FUTURE



FINANCIAL REPORT
3RD QUARTER OF 2010/11

Key Figures

from 1.10.2010 to 30.6.2011

Key figures of the MVV Energie Group

Euro million	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010	% change
External sales excluding electricity and natural gas taxes	2 679	2 554	+5
Adjusted EBITDA ¹	355	359	-1
Adjusted EBITA ¹	248	253	-2
Adjusted EBIT ²	248	253	-2
Adjusted EBT ^{2,3}	202	192	+5
Adjusted net surplus for period ^{2,3}	136	129	+5
Adjusted net surplus for period after minority interests ^{2,3}	114	120	-5
Adjusted earnings per share ^{2,3} in Euro	1.73	1.83	-5
Cash flow before working capital and taxes	351	375	-6
Cash flow before working capital and taxes per share in Euro	5.33	5.69	-6
Free cash flow	37	112	-67
Adjusted total assets at 30.6.2011 / 30.9.2010 ⁴	3 497	3 457	+1
Adjusted equity at 30.6.2011 / 30.9.2010 ⁴	1 387	1 233	+12
Adjusted equity ratio at 30.6.2011 / 30.9.2010 ⁴	39.7 %	35.7 %	+11
Investments	138	141	-2
Employees at 30.6.2011 / 30.6.2010	5 841	5 997	-3

1 excluding non-operating IAS 39 derivative measurement items and including interest income from finance leases (previous year's figures adjusted)

2 excluding non-operating IAS 39 derivative measurement items and restructuring expenses and including interest income from finance leases (previous year's figures adjusted)

3 impact of expiry of Kiel put option (explained on Page 12)

4 excluding non-operating IAS 39 derivative measurement items

Contents

2 _ To Our Shareholders

2 _ Letter from the CEO

3 _ The Share of MVV Energie AG

4 _ Interim Group Management Report

4 _ Corporate Strategy

5 _ Research and Development

6 _ Business Framework

6 _ Macroeconomic Situation

6 _ Sector-Specific Developments

6 _ Energy Policy and Regulation

7 _ Impact of Weather Conditions

7 _ Employees

8 _ Business Performance

8 _ Earnings Position of the MVV Energie Group

13 _ Net Asset and Financial Position

15 _ Opportunity and Risk Report

15 _ Events After the Balance Sheet Date

16 _ Outlook

18 _ Interim Consolidated Financial Statements

18 _ Statement of Comprehensive Income

19 _ Balance Sheet

20 _ Statement of Changes in Equity

21 _ Segment Report

22 _ Cash Flow Statement

24 _ Notes to Interim Consolidated Financial Statements

32 _ Responsibility Statement

Financial Calendar, Imprint

Latest Developments at a Glance

Energy industry facing fundamental restructuring in the energy supply system.

▶ Page 6

MVV Energie's district heating expansion programme progressing on schedule.

▶ Pages 4 and 16

Energieversorgung Offenbach AG launches operations at its new wood pellet plant.

▶ Page 4

Our MVV Energie CZ a.s. subsidiary takes over energy from waste heating power plant in Liberec.

▶ Pages 15 and 16

MVV Energie acquires 25.1 % stake in Stadtwerke Walldorf GmbH.

▶ Page 15

By investing in the construction and operation of a biomethane plant in Sachsen-Anhalt, MVV Energie successfully enters the environmentally-friendly biomethane generation market.

▶ Page 4

Letter from the CEO

Dear Shareholders,
Dear Ladies and Gentlemen,

Consistent with a broad-based consensus among politicians and society as a whole, the German Federal Parliament and Federal Council have approved the nuclear energy exit and adopted an energy turnaround package, thus correcting some of the decisions taken last year. Further amendments will be made to various items of accompanying legislation. The German economy and the energy industry in particular face the prospect of substantial change. It is clear that renewable energies and energy efficiency will increasingly become the guiding forces of a sustainability-driven energy supply system.

MVV Energie has long been steering a course towards a new energy future and acted early to realign its strategy with clear focuses two years ago. The political decisions concerning the energy turnaround confirm us in this course. Alongside renewable energies, cogeneration-based district heating and high-efficiency balancing and regulating energy power plants, we are at the same time also building on energy efficiency. This way, we are laying foundations to enable us to provide both our private customers and our industrial and business customers with a reliable, economical and environmentally-friendly energy supply.

We have set ourselves ambitious investment targets. By 2020, we intend to invest Euro 3 billion in modernising and securing our plants and grids, as well as in the company's further growth. Renewable energies are at the centre of our growth strategy. Alongside biomass and waste incineration, we are particularly focusing on onshore wind power plants. We welcome the announcements made by several state governments that they will be making more land available for this proven, economically effective technology. By intelligently reforming subsidy programmes, it should be possible to tap the market potential necessary for the rapid energy turnaround now planned. We have made notable progress in implementing our growth targets. Here, I would point to the major order received to build an energy from waste plant in Plymouth, the launch of operations at the wood pellet plant in Offenbach and the joint district heating project in Ingolstadt, the expansion of cogeneration with waste incineration in the Czech Republic and our entry into the biomethane generation market. We are also making good progress in developing our wind power business.

Sales at the MVV Energie Group grew by 5 % to Euro 2.7 billion in the first nine months of 2010/11. At Euro 248 million, adjusted EBIT was 2 % down on the previous year's figure. This decline was attributable to the 1st half of the year. In the 3rd quarter, we managed to boost our adjusted EBIT by Euro 1 million. We are confident that we will be able to match the high sales and earnings figures reported for the previous year and can thus confirm our forecast. Given the difficult overall market climate, this represents a remarkable achievement on the part of all our employees.

Yours faithfully,



Dr. Georg Müller
CEO

Mannheim, August 2011

The Share of MVV Energie AG

Positive overall trend on capital markets in 2010/11 as well

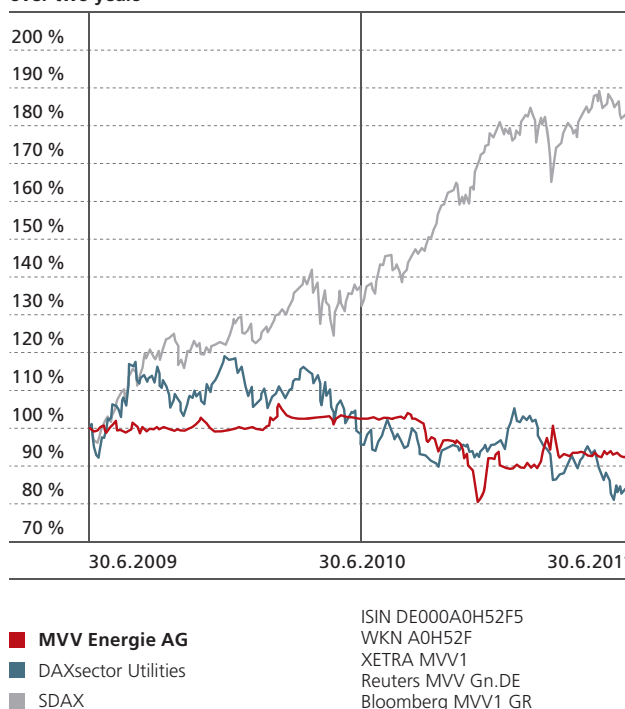
By the end of 2010, the DAX, Germany's leading index, had recovered sharply from its low of 3 666 points in March 2009 in the wake of the global economic and financial crisis. The first six months of 2011, however, witnessed a marked slowdown in the rate of growth on the stock market. Between January and the end of June 2011, the DAX rose by 6.7 % to 7 376 points.

Decline in share price compared with previous year

Year-on-year comparison of the quarterly balance sheet dates as of 30 June shows that MVV Energie's share price fell 12.1 % from Euro 31.00 in the previous year to Euro 27.25. In a two-year performance comparison, including the dividend payments made in 2010 and 2011, our share price dropped by 6.8 % (see share performance chart). Overall, MVV Energie's share outperformed the DAXsector Utilities index in the period under report, but fell short of the performance of the SDAX index. It should be noted, however, that following the sharp drop in prices in the 2008 crisis year all stocks had great potential for recovery. MVV Energie's stock long moved sideways during this period and maintained its ground well in spite of the economic and financial crisis. Our share reached its highest closing price in XETRA trading in the quarter under report at Euro 27.45 on both 27 and 28 April 2011. Its lowest closing price was recorded at Euro 27.00 on a total of six days, most recently on 22 June.

A total of 428 300 MVV Energie shares were traded across all German marketplaces in the quarter under report, around 92 % more than in the previous year's period. Due to the higher turnover, the equivalent value of trading volumes involving shares in MVV Energie AG rose year-on-year from Euro 7 million to Euro 12 million in the 3rd quarter of 2010/11. The market capitalisation of MVV Energie AG amounted to Euro 1 796 million as of 30 June 2011 (previous year: Euro 2 043 million). The free float share of 18.5 % on which the share's weighting in the SDAX is based was valued at Euro 332 million at the end of the quarter under report (previous year: Euro 378 million). Measured in terms of its free float market capitalisation, the MVV Energie AG share was ranked 67th in the joint statistics compiled for the MDAX and SDAX indices (previous year: 53rd). Measured in terms of its stock market turnover, our share was ranked 99th in the statistics (previous year: 93rd).

Performance comparison of the MVV Energie AG share over two years



Baader Bank initiates coverage of stock

On 23 May 2011, Baader Bank AG, one of Germany's five largest private banks in terms of its equity, began covering our share for the first time. In its first investment assessment, the bank recommended buying the stock and named a share price target of Euro 31.50. This brings the total number of equity analysts reporting on us to seven, plus one credit analyst at Heleba.

4th place in 2011 Investor Relations Competition

MVV Energie AG was awarded 4th place among the 50 SDAX companies investigated within the 2011 Investor Relations Competition organised by the business journal "Capital". In last year's 2010 ranking MVV Energie AG was still in 19th position. This competition reflects the results of a survey of almost 300 investment professionals undertaken in cooperation with the Society of Investment Professionals in Germany (DVFA) in spring 2011.

Corporate Strategy

The MVV Energie Group's corporate strategy is focused on providing a climate-neutral, environmentally-friendly and non-nuclear future supply of energy – and that not just since Fukushima. We were heading for a new energy future long before these events and are now confronting the challenges presented by the planned energy turnaround. With "MVV 2020", we acted two years ago to lay strategic foundations for expanding our sustainable commitment to renewable energies and energy efficiency.

Consistent with our aim to "energise the future", we are building on regionalism, efficiency and sustainability as key factors within our group of companies. This means that each energy supply company and municipal utility within our Group generates momentum in its own region in its capacity as an independent municipal company. By working closely together with our municipal partners on location on a basis of trust, we aim to reinforce and further expand this local and regional identity. This will provide a solid foundation for exploiting future opportunities by drawing on our common strengths.

Successful growth projects

By 2020, we intend to invest Euro 1.5 billion in expanding renewable energies and in environmentally-friendly cogeneration in conjunction with district heating. Within renewable energies, we are focusing above all on wind energy plants at onshore locations, on generating energy from biomass and waste incineration.

Following the acquisition of its first wind energy plants in Mecklenburg-Vorpommern and Northern Hessen, our Group is now investing in further onshore wind plants. To this end, we have founded several wind farm companies and included these in our scope of consolidation (see notes to interim consolidated financial statements, Page 25).

A second major component in expanding renewable energies is exploiting the potential offered by biomass for energy generation. In May 2011, our Energieversorgung Offenbach AG (EVO) shareholding launched permanent operations at its new wood pellet plant, which should produce 65 000 tonnes of wood pellets a year. EVO operates 40 local heating networks in the Rhine/Main region, of which 18 powered by wood pellets.

MVV Energiedienstleistungen GmbH currently operates 35 biomass heating and cogeneration plants with a total output of 52 MW of thermal energy and 3 MW of electricity. Together with our subsidiary A+S NaturEnergie GmbH, we aim to further tap the market in our core business region of Baden-Württemberg. Given the large volumes of biomass timber available on location, we are also aiming for growth in the states of Bavaria and Nordrhein-Westfalen.

By investing in our first biomethane plant in Klein Wanzleben in Sachsen-Anhalt in July 2011, we have successfully entered the biomethane generation market. Feeding biomethane into the natural gas grid harbours considerable development potential and could make a major contribution towards meeting climate protection targets. The groundbreaking ceremony has already taken place and the plant, which will generate and feed 63 million kWh of biogas into the grid each year, should start operations in summer 2012. Our partners in this cooperation project are the project developer RES projects and the two listed companies KWS SAAT AG and Nordzucker AG.

The expansion of district heating grids at our Mannheim, Kiel, Offenbach and Ingolstadt locations is progressing on schedule. From the 2011/12 heating period, the new transit pipeline from Mannheim to Speyer will also supply the municipality of Brühl with district heating. MVV Energie CZ, our Czech subgroup, is boosting its already robust position in the Czech heating market by investing in cogeneration and district heating (please also see Page 15).

The awarding of the contract for the construction and long-term operation of a waste-fired cogeneration-based heating power plant in Plymouth, UK, shows we are able to draw on our longstanding experience in the environmental energy and waste businesses to position ourselves internationally as well.

Another key component of our growth strategy is further expansion in our nationwide electricity and gas sales activities.

"Once Together" group programme

We are consistently implementing the measures identified in the "Once Together" programme. By reducing our costs and increasing the efficiency of our internal structures and processes, we are laying a foundation to ensure a stable return in the long term and generate sustainably profitable growth. The cost savings expected from the group programme are set to rise each year.

Research and Development

By the 2012/13 financial year, we aim to generate savings of between Euro 20 million and Euro 30 million a year compared with previous budgets. To date, we have already achieved more than 60% of the budgeted material cost savings. As we have agreed socially responsible reductions in personnel totals, mainly via part-time early-retirement agreements, the personnel cost savings will, as planned, be realised over a longer period of time. Overall, we intend to cut a net total of 450 positions at our Group in a socially responsible way by eliminating positions no longer required, cutting vacant positions and taking further measures. Of this total, almost 300 positions should have been cut by 2012/13. Details about the development in our personnel totals can be found on Page 7.

“Setting Course for the Future” change programme

We have completed our “Once Together” intercompany programme. Now we must intensify cooperation within the MVV Energie Group. We aim to find the best solutions, irrespective of location. To secure our economic success, we have to work constantly to improve our processes, permanently enhance our efficiency and uphold our common development with a view to preparing ourselves for the future and further enhancing our value. Here, we aim to mutually exploit the expertise available at our company to the benefit of all and learn from one another. Our forward-looking approach is also based on sustainability. We aim to continuously increase the value of our company and enhance our business model to ensure that our economic success is upheld in the long term and consistent with ecological and social targets.

New planning and control approach

In the course of our strategic and organisational realignment we also developed a new group-internal planning and control approach. From the 2010/11 financial year, the MVV Energie Group is managing its business in line with its value creation stages, from generation and grids via trading through to sales and energy-related services. This way, we can clearly evaluate business-related opportunities and risks, exploit key performance factors and efficiency levers in individual value creation stages and improve our overall management of the Group (details about the latest developments in the reporting segments can be found in the Business Performance section from Page 8 onwards).

Model City Mannheim

With the energy turnaround, putting energy to smarter use has also become a topic of greater public interest. Within the Model City Mannheim E-Energy project promoted by the Federal Ministries of Economics and Technology (BMWi) and the Environment, Nature Conservation and Nuclear Safety (BMU) we are investigating how the use of information and communications technologies could help improve the grid integration of renewable energies and energy efficiency (please also see Page 17).

Electro-mobility research project

Within our Future Fleet project, around 30 electric cars are currently in use in the car pools of SAP and MVV Energie at a total of five locations.

Overview of major projects

MODEL CITY MANNHEIM (term: 2008 to 2012): Mannheim-based solution model involving practical trials with smart energy grids and regional energy markets using renewable energy plants and achieving high energy efficiency levels

CALLUX (term: 2008 to 2015): Practical trials promoted by Federal Government for house fuel cell heating systems in cooperation with other energy suppliers and heating system manufacturers

FUTURE FLEET (term: 2009 to 2011): Design, development and operation of charging infrastructure for car pools in the forward-looking field of electro-mobility

SMART METERING (term: 2007 to 2011): Cross-utility use of smart meters to enhance efficiency and transparency of energy consumption

MICRO-COGENERATION (term: 2006 to 2012): Field trials of various small cogeneration systems for use in private households, technical and economic feasibility evaluation

SMART HOUSES/SMART GRID (EU project, term: 2008 to 2011): Development of an energy system actively integrating “smart houses” to significantly enhance supply efficiency and sustainability

DISTRICT HEATING TRANSPORT (term: 2010 to 2013): Identification of potential cost savings in district heating transport to support effective expansion of cogeneration

Business Framework

Macroeconomic Situation

Unlike many other industrialised countries, Germany is currently experiencing a marked economic upturn. Leading economic research institutes expect to see full-year real-term gross domestic product (GDP) growth in a range of between 3.3 % and 3.6 % in 2011 compared with 2010. The European Central Bank raised the base rate from 1.00 % to 1.50 % in two steps in April and June 2011, marking a turnaround in its interest policy in reaction to the rise in inflation.

Sector-Specific Developments

Prices on energy markets were significantly affected in the first half of 2011 by the political unrest in Arab countries, the catastrophe in Japan, Germany's nuclear energy moratorium and the new EU energy efficiency enhancement targets.

The average price of Brent crude oil rose to US\$ 116.99 per barrel in the period from April to June 2011, up US\$ 37.51 on the equivalent quarter in 2010. At Euro 26.89/MWh, the average price of natural gas in the NetConnect Germany grid region for the 2012 supply year was Euro 7.16 higher than in the previous year's quarter. The average coal price for supply in 2012 rose by US\$ 31.68 to US\$ 129.48 per tonne. At Euro 16.36 per tonne, emissions rights prices were also Euro 1.28 higher. Due to the increase in primary energy prices, the average electricity price for the 2012 supply year rose to Euro 58.90/MWh, up Euro 7.02 since the previous year's quarter.

Energy Policy and Regulation

In reaction to the catastrophe in Fukushima, on 30 June 2011 the German Federal Parliament approved a modified exit from the use of nuclear energy. The new requirements, approved by conservatives, liberals, social democrats and greens alike, include permanently removing the eight nuclear power plants closed down during the nuclear energy moratorium from the grid. The remaining nuclear power plants will be gradually decommissioned by 2023.

MVV Energie welcomes the nuclear energy exit policy, as it has laid down a viable long-term course in a key area of energy policy, one consistent with a broad-based consensus among politicians and within society at large. Furthermore, in a number of accompanying acts, ("energy turnaround package"), the Federal Parliament has also revised and specified the requirements of the Federal Government's energy concept from autumn of last year. MVV Energie particularly welcomes the fact that the importance of district heating and cogeneration has now been acknowledged. An amendment to cogeneration legislation (KWKG) also adopted on 30 June 2011 provides for extending the subsidies for new cogeneration plants until 2020 and introducing greater flexibility when it comes to claiming these subsidies, both changes that MVV Energie had long called for within the energy policy debate. The Federal Government has announced a further amendment to cogeneration legislation for autumn 2011.

The core aspect of the revision of the Renewable Energies Act (EEG) is the introduction of an optional market premium to incentivise the integration of electricity generated at renewable energies plants into regular electricity markets. MVV Energie had long spoken out in favour of introducing the market premium model. At the same time, however, the so-called green electricity privilege, currently the only usable market integration instrument, has been subject to a series of restrictions, placing a question mark over the economic viability of its future use.

Employees

The Federal Parliament partly watered down its original plans for far-reaching cuts in the subsidies for expanding onshore wind power. MVV Energie had developed a "qualified compression model" to promote less windy locations, especially in southern Germany. The Federal Council held a largely similar position in terms of the relevant contents. Due to its rejection by the Federal Parliament, however, this proposal has not been adopted into law.

Despite our criticism of individual aspects, we do expect the energy turnaround package to generate positive momentum for our strategic high-growth fields of renewable energies and energy-related services, as well as for the further operation and expansion of our district heating supply systems and activities based on highly efficient cogeneration.

In the field of grid regulation, the gas cost review due to form the basis for the 2nd regulatory period is currently underway. The launch of quality regulation for electricity has been scheduled for 1 January 2012. We expect pressure on grid operators to increase overall. Regulation should not impede investments in urgently necessary grid expansion and smart grid technology, but should rather actually promote such investments.

Negative Weather Factor in 3rd Quarter

During the heating period, our turnover with district heating and natural gas is significantly affected by weather conditions. The very cold winter weather in the 1st quarter of 2010/11 (October to December 2010) was followed by unusually mild weather conditions in the 2nd quarter of 2010/11 (January to March) and in the 3rd quarter of 2010/11 (April to June). These impacted noticeably on our district heating and gas turnover. We use degree day figures as our temperature-based indicator of customers' heating energy requirements. Low outdoor temperatures, especially in the winter months, lead to high figures accompanied by intense heating system usage.

Degree day figures in the 3rd quarter of 2010/11 were 37 % down on the equivalent figure for the previous year. It was significantly warmer than in the previous year, especially in April and May 2011. For the first nine months of 2010/11 as a whole, degree day figures were 5 % down on the previous year's figures.

With a total workforce of 5 841 as of 30 June 2011, the MVV Energie Group had 156 employees fewer than at the same date in the previous year. This reduction in personnel related above all to the MVV Energiedienstleistungen subgroup, to cross-divisional functions at MVV Energie AG and shared services. Stadtwerke Kiel and Energieversorgung Offenbach also reported scheduled reductions in their personnel totals. These were countered by a scheduled increase in staff totals in sales departments. Employee totals remained unchanged in the environmental energy business and at the Czech subgroup.

The new management structure for the three shared service companies has now been fully established. Shared Services Center GmbH, under which 24/7 United Billing GmbH, 24/7 IT Services GmbH and 24/7 Metering GmbH have been pooled, began operating as of 1 April 2011.

With "Setting Course for the Future", we have launched a change programme within the MVV Energie Group aimed at stepping up cooperation within the Group.

Personnel figures (headcount) at the balance sheet date on 30.6.

	2010/11	2009/10	+/- change
MVV Energie AG	1 439	1 473	- 34
Fully consolidated shareholdings	3 728	3 837	- 109
MVV Energie AG with fully consolidated shareholdings	5 167	5 310	- 143
Proportionately consolidated shareholdings	670	677	- 7
MVV Energie Group ¹	5 837	5 987	- 150
External personnel at Mannheim cogeneration plant	4	10	- 6
	5 841	5 997	- 156

¹ including 314 trainees (previous year: 329)

Business Performance

Earnings Position of the MVV Energie Group

New reporting structure

From the 2010/11 financial year onwards we are planning and controlling our Group's business on a uniform basis in line with the respective stages of the value chain. Our segment reporting has thus also been based on the new reporting segments since the 2010/11 financial year.

As a result of the amended reporting structure, segment-specific sales and adjusted EBITs are no longer directly comparable with the previous year's figures. For information purposes, we have derived the previous year's figures for the reporting segments in line with the new structure and calculated these in some cases. They thus represent pro forma figures (please also see notes to interim consolidated financial statements from Page 24 onwards).

Sales performance

The **EXTERNAL SALES** of the MVV Energie Group (excluding electricity and natural gas taxes) grew year-on-year by Euro 125 million (+5 %) to Euro 2 679 million in the first nine months of 2010/11. Year-on-year, sales in the 3rd quarter of 2010/11 (April to June 2011) increased by Euro 72 million (+ 10 %) to Euro 783 million, thus exceeding the growth of Euro 53 million (+ 3 %) reported for the 1st half of 2010/11. Of total sales for the first nine months of 2010/11, 97 % were attributable to the domestic business and 3 % to the Czech subgroup.

Sales and Services, our strongest reporting segment in terms of sales, accounted for 61 % of total sales at the MVV Energie Group in the first nine months of 2010/11. The year-on-year sales growth in the nine-month period under report was primarily due to increased sales volumes in the nationwide electricity and gas sales business, to the charging on of the higher allocation required by renewable energies legislation since 1 January 2011, and to sales growth in the energy-related services business. This growth more than offset the weather-related loss of volumes in the 2nd and 3rd quarters.

The Generation and Infrastructure reporting segment relates in particular to conventional power plants, generation plants based on renewable energies, the energy from waste and biomass plants in the environmental energy business and electricity, district heating, gas and water grids. The sales growth in this segment was chiefly driven by the environ-

mental energy business. The management and optimised deployment of the power plants, a factor heavily dependent on developments on the wholesale market, takes place in the Trading and Portfolio Management value creation stage.

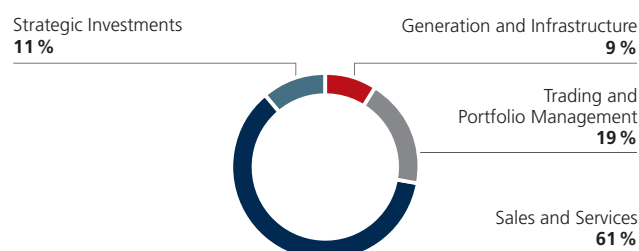
The increase in sales in the Strategic Investments segment was due to growth at Stadtwerke Ingolstadt and at MVV Energie CZ, our Czech subgroup.

External sales of the MVV Energie Group First nine months, 1.10. to 30.6.

Euro million	2010/11	2009/10 ¹ pro forma
Generation and Infrastructure	238	236
Trading and Portfolio Management	506	494
Sales and Services	1 631	1 531
Strategic Investments	301	288
Other Activities	3	5
Total	2 679	2 554
of which electricity sales	1 619	1 507
of which district heating sales	366	360
of which gas sales	372	377
of which water sales	81	78

¹ previous year's figures calculated as pro forma figures

Share of external sales of the MVV Energie Group by reporting segment First nine months of 2010/11, 1.10. to 30.6.



Development in turnover

We have allocated turnover volumes, which are still calculated using the same method as in the previous year, to the new reporting segments.

Electricity turnover of the MVV Energie Group First nine months, 1.10. to 30.6.

kWh million	2010/11	2009/10	% change
Generation and Infrastructure	142	257	-45
Trading and Portfolio Management	7 795	7 784	—
Sales and Services	8 769	8 539	+3
of which industrial and commercial customers/secondary distributors	7 114	6 907	+3
of which private and business customers	1 250	1 266	-1
of which services customers	405	366	+11
Strategic Investments	1 075	944	+14
Total	17 781	17 524	+1

The increase in our electricity turnover was principally due to the Sales and Services reporting segment. Despite tough competition, we successfully generated further electricity turnover growth in our nationwide industrial and commercial/secondary distributor customer group. Among private and business customers, the increase in turnover in the nationwide sale of our SECURA green electricity product was countered by competition-related downturns in our own grid regions. The higher volume of electricity turnover with value-added services customers was driven by the contracting business. Turnover in the Strategic Investments segment was affected by substantial volume growth at Stadtwerke Ingolstadt, which supplies four locations of a major customer in its nationwide electricity business.

The downturn in the Generation and Infrastructure segment was due to structural changes. Since January 2011, electricity volumes generated at the Mannheim biomass cogeneration plant and by Biopower have no longer been marketed directly to third parties, but rather included in sales activities at MVV Energie AG. The wind energy plants in Plauerhagen fed 25 million kWh of electricity into the grid in the first nine months. The Trading and Portfolio Management reporting segment not only optimises the deployment of power plant capacities, but also markets electricity via 24/7 Trading GmbH.

District heating turnover of the MVV Energie Group First nine months, 1.10. to 30.6.

kWh million	2010/11	2009/10	% change
Generation and Infrastructure	117	274	-57
Trading and Portfolio Management	603	648	-7
Sales and Services	4 684	4 634	+1
of which industrial and commercial customers/secondary distributors	664	646	+3
of which private and business customers	2 311	2 356	-2
of which services customers	1 709	1 632	+5
Strategic Investments	1 176	1 225	-4
Total	6 580	6 781	-3

The 3 % reduction in district heating turnover was mainly due to the Generation and Infrastructure reporting segment. Turnover here was affected by the lower volumes of steam supplied by MVV Umwelt GmbH to a customer in Mannheim whose production plant was out of action due to a fire. The supply of steam has since restarted, but has not yet regained the previous volumes. Developments in the Sales and Services and Strategic Investments reporting segments are chiefly determined by district heating turnover, which accounts for 89 % of total heating energy turnover. Volumes in the industrial and commercial/secondary distributor customer group were affected by the first deliveries to Stadtwerke Speyer following the launch of operations of the new transit pipeline (45 million kWh). The reduction reported for the private and business customer group was due above all to the weather-related downturn in district heating turnover in the 2nd and 3rd quarters of 2010/11. The volume growth with value-added services customers was mainly due to the positive business performance in the housing contracting business.

**Gas turnover of the MVV Energie Group
First nine months, 1.10. to 30.6.**

kWh million	2010/11	2009/10	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	1 495	2 351	–36
Sales and Services	6 809	6 355	+7
of which industrial and commercial customers/secondary distributors	3 878	3 328	+17
of which private and business customers	2 554	2 669	–4
of which services customers	377	358	+5
Strategic Investments	1 282	1 853	–31
Total	9 586	10 559	–9

The development in gas turnover was characterised by a downturn in gas trading volumes, weather-related and competition-related downturns in the private and business customer business and a lower volume of gas turnover in the industrial customer business at Stadtwerke Ingolstadt (Strategic Investments). We generated higher volumes in our nationwide gas business with industrial and commercial customers and in our value-added services business, but these were insufficient to fully compensate for the aforementioned downturns.

**Water turnover of the MVV Energie Group
First nine months, 1.10. to 30.6.**

Water in m ³ million	2010/11	2009/10	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	35.1	34.9	+1
of which industrial and commercial customers/secondary distributors	5.4	5.4	—
of which private and business customers	29.4	29.2	+1
of which services customers	0.3	0.3	—
Strategic Investments	5.3	5.4	–2
Total	40.4	40.3	—

Our water turnover is chiefly generated in the Sales and Services segment, which accounts for 87 % of our total water turnover. Private and business customers are the largest group here. The warm weather in April and May 2011 led to a slight rise in our water turnover, one which made up for the decline in the 1st half of the year. The Strategic Investments reporting segment includes customers at Stadtwerke Solingen and the Czech subgroup.

**Combustible waste delivered at the MVV Energie Group
First nine months, 1.10. to 30.6.**

tonnes 000s	2010/11	2009/10	% change
Generation and Infrastructure	1 198	1 179	+2
Trading and Portfolio Management	—	—	—
Sales and Services	113	114	–1
Strategic Investments	39	31	+26
Total	1 350	1 324	+2

89 % of the combustible waste volumes delivered relate to our Generation and Infrastructure reporting segment. The increase here was driven in particular by the waste volumes delivered to the new Boiler No. 6 in Mannheim via our MVV Umwelt Ressourcen GmbH subsidiary. The marked growth in the Strategic Investments segment was chiefly attributable to the Czech subgroup.

**Development in further key items
in the income statement**

The **COST OF MATERIALS** rose year-on-year by Euro 134 million (+7 %) to Euro 2 044 million in the first nine months of 2010/11. This increase was largely consistent with the sales growth reported. As a result of our new control approach, from the 2010/11 financial year we are reporting the concession duty under cost of materials, rather than under other operating expenses. We have adjusted the previous year's figures accordingly.

At Euro 244 million, **PERSONNEL EXPENSES** were only slightly higher than in the previous year in the first nine months of 2010/11. Here, we largely managed to offset the increase in expenses due to collectively agreed pay rises as of 1 January 2011 with cost savings on account of lower employee totals.

OTHER OPERATING INCOME fell year-on-year from Euro 335 million to Euro 217 million. This reduction was chiefly due to the measurement of commodity derivatives as of the balance sheet date required by IAS 39. Excluding IAS 39 items, other operating income rose year-on-year from Euro 75 million to Euro 83 million in the first nine months of 2010/11. This increase was driven above all by higher income from emissions rights and reversals of impairments.

OTHER OPERATING EXPENSES decreased year-on-year from Euro 324 million to Euro 234 million. Net of IAS 39 items for the measurement of commodity derivatives as of the balance sheet date, other operating expenses grew from Euro 143 million to Euro 147 million.

The net balance of measurement items reported under other operating income and other operating expenses resulted in a positive IAS 39 item of Euro 46 million for the first nine months of 2010/11 (previous year: Euro 80 million). The development in IAS 39 items reflects the movement in market prices on the commodity and energy markets. For MVV Energie as a net buyer, the spot measurement of energy trading derivatives as of the balance sheet date required by IAS 39 led to positive fair values in the first nine months of 2010/11 and the equivalent period in the previous year. At these dates, current fair values were higher than when the respective hedging transactions were concluded. IAS 39 measurement has no impact on payments, does not affect our operating business and also has no influence on the dividend.

As a result of companies consolidated at equity for the first time and the subsequent measurement of associates, income from associates rose year-on-year from Euro 8 million to Euro 10 million in the first nine months of 2010/11. At Euro 107 million, depreciation was Euro 1 million higher than in the previous year's period.

The restructuring expenses of Euro 31 million reported in a separate line item in the interim consolidated financial statements for the first nine months of 2010/11 are due to a restructuring provision that became necessary in the 1st quarter of 2010/11 due to the measures taken in connection with the "Once Together" group project. No comparable expenses were incurred in the 2nd and 3rd quarters of 2010/11 or in the first nine months of the previous year.

Reconciliation with adjusted EBIT

For internal management purposes we refer to adjusted EBIT. This key earnings figure shows our operating earnings before interest and taxes on income excluding the impact on earnings of the fair value measurement of commodity derivatives as of the balance sheet required by IAS 39 and also excluding restructuring expenses. The interest income from finance leases reported below EBIT in the income statement is attributable to contracting projects and thus counts as part of our operating business. Such income is therefore also included in adjusted

EBIT. The following table presents the reconciliation of EBIT as reported in the income statement with the adjusted EBIT figure, which provides a more meaningful indication of our sustainable earnings strength.

Reconciliation of EBIT (income statement) with adjusted EBIT First nine months, 1.10. to 30.6.

Euro million	2010/11	2009/10	+/- change
EBIT as reported in income statement	260	331	-71
Derivative measurement item under IAS 39	-46	-80	+34
Restructuring expenses	+31	—	+31
Interest income from finance leases ¹	+3	+2	+1
Adjusted EBIT¹	248	253	-5

¹ previous year's figure adjusted

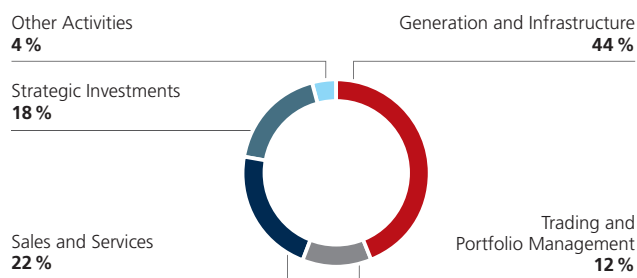
The following table presents the earnings contributions from individual reporting segments.

Adjusted EBIT of the MVV Energie Group by reporting segment First nine months, 1.10. to 30.6.

Euro million	2010/11	2009/10 ¹ pro forma
Generation and Infrastructure	110	114
Trading and Portfolio Management	29	34
Sales and Services	54	64
Strategic Investments	45	44
Other Activities	10	-3
Total	248	253

¹ previous year's figures calculated as pro forma figures

Share of adjusted EBIT of the MVV Energie Group by reporting segment First nine months, 1.10. to 30.6.



In a difficult overall market climate, our **ADJUSTED EBIT** were 2 % lower in the first nine months of 2010/11 than in the previous year's period. In the 3rd quarter of 2010/11 we managed to boost our adjusted EBIT by Euro 1 million to Euro 44 million (+2 %). This increase enabled us to slightly reduce the decline in earnings reported for the 1st half of 2010/11 (Euro –6 million).

In Generation and Infrastructure, our strongest reporting segment in terms of earnings, the decline in earnings from the grid business offset the improved earnings contribution from our environmental business.

The Trading and Portfolio Management reporting segment comprises the energy procurement and generation portfolio of our group of companies. These activities are structured by 24/7 Trading GmbH and optimised to account for developments on international energy markets. The decline in earnings in this reporting segment was principally the result of a lower generation margin (clean dark spread).

The decline in earnings in the Sales and Services segment was chiefly due to downturns in the district heating business. The earnings contribution from the energy-related services business improved year-on-year in the nine-month period under report, as did adjusted EBIT in the Strategic Investments segment. Here, the increase was chiefly due to higher earnings contributions from the Czech subgroup. The improvement in earnings in the Other Activities reporting segment was mainly attributable to cross-divisional functions and shared services.

FINANCING EXPENSES dropped from Euro 64 million to Euro 49 million. Of this reduction, Euro 10 million was due to the amended statement of the prorated dividend payment to the City of Kiel, which has been reported under dividend distributions at minority interests for the first time in the 2010/11 financial year. The put option held by the City of Kiel concerning the sale of the remaining 49 % stake in Stadtwerke Kiel AG to MVV Energie AG was not exercised by 6 November 2010 and expired as of this date. Furthermore, the reduction was also the result of lower loan interest. Overall, in connection with the slight increase in financing income, the net financial result therefore improved year-on-year by Euro 16 million in the nine-month period under report.

As a result, the **ADJUSTED EBT** of Euro 202 million for the first nine months of 2010/11 was up on the equivalent previous year's figure of Euro 192 million. The tax rate for the first nine months of 2010/11 based on adjusted EBT amounted to 32.7 % (previous year: 32.9 %). The income tax expenses of Euro 70 million reported in the income statement for the first nine months of 2010/11 (previous year: Euro 87 million) include deferred tax expenses of Euro 14 million in connection with IAS 39 measurement items (previous year: Euro 24 million).

Net of adjusted taxes on income of Euro 66 million (previous year: Euro 63 million), the **ADJUSTED NET SURPLUS FOR THE PERIOD** amounted to Euro 136 million in the first nine months of 2010/11, as against Euro 129 million in the previous year's period.

The adjusted share of earnings attributable to minority interests rose year-on-year by Euro 13 million to Euro 22 million in the nine-month period under report. This increase was due to the amended statement of the dividend payment to the City of Kiel.

Net of minority interests, the MVV Energie Group reported an **ADJUSTED NET SURPLUS FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 114 million in the first nine months of 2010/11, as against Euro 120 million in the same period in 2009/10. Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.73 in the first nine months of 2010/11, down from Euro 1.83 in the previous year's period. As in the previous year's period, the weighted nine-month average number of shares amounted to 65.9 million.

Net Asset and Financial Position

In line with International Financial Reporting Standards (IFRS), we compare the balance sheet in the interim consolidated financial statements as of 30 June 2011 with the figures in the balance sheet in the consolidated financial statements as of 30 September 2010 and not – unlike in the income statement – with the interim consolidated financial statements as of 30 June 2010.

At Euro 3.73 billion, the **TOTAL ASSETS** of the MVV Energie Group as of 30 June 2011 were Euro 90 million (+ 2 %) higher than at the end of the 2009/10 financial year (Euro 3.64 billion).

NON-CURRENT ASSETS, accounting for 73 % of assets, rose to Euro 2.71 billion, up Euro 27 million (+ 1 %) compared with 30 September 2010. This increase was chiefly due to a higher volume of property, plant and equipment, which make up slightly more than half of total assets. This increase was calculated as the net balance of investments on the one hand and disposals and depreciation on the other. The growth reported at associates was due, among other factors, to further additions. Non-current other receivables and assets were affected above all by higher fair values of energy trading transactions recognised in line with IAS 39. This factor was countered by a lower volume of reclassifications as current items of energy trading derivatives with delivery dates in the 2011 calendar year.

CURRENT ASSETS rose to Euro 1.02 billion, up Euro 63 million (+ 7 %) on the balance sheet date as of 30 September 2010. This development was largely driven by trade receivables, which grew by Euro 95 million compared with 30 September 2010. This in turn was the result of seasonal factors and expanded business volumes in the nationwide electricity and gas sales business. The volume of receivables as of 30 June 2011 (Euro 527 million) was lower than in the previous quarter as of 31 March 2011 (Euro 645 million). Compared with 30 June 2010 (Euro 526 million), the volume of receivables only rose slightly despite substantial sales growth. Other receivables and assets increased by Euro 18 million compared with 30 September 2010. This increase was principally due to the reclassification referred to above of energy trading transactions as current assets. The current other receivables and assets reported as of 30 June 2011 include a significantly lower volume of receivables for security deposits at external trading partners, amounting to Euro 28 million (30 September 2010: Euro 69 million). At Euro 90 million, cash and cash equivalents are Euro 57 million lower than at 30 September 2010.

On the liabilities side, the **EQUITY** of the MVV Energie Group rose to Euro 1.38 billion, Euro 190 million (+ 16 %) higher than at 30 September 2010. This increase was due on the one hand to accumulated equity generation and on the other to increased minority interests within equity. The contractually agreed period in which the City of Kiel could have tendered its 49 % share in Stadtwerke Kiel AG for purchase by MVV Energie AG (put option) expired upon the conclusion of 6 November 2010. As a result of the lapsing of the put option, the present value of the payment obligation (Euro 121 million), previously recognised as a liability under current financial debt, was reclassified at fair value to equity (minority interests).

For group management purposes, we also adjust our balance sheet to eliminate cumulative IAS 39 measurement items. We reduce the asset side by the positive fair values of financial derivatives and allocable deferred taxes, amounting to Euro 230 million as of 30 June 2011 (30 September 2010: Euro 180 million). On the capital side, we eliminate negative fair values of Euro 240 million from debt capital as of 30 June 2011 (30 September 2010: Euro 226 million) and the resultant net balance of Euro 10 million from equity as of 30 June 2011 (30 September 2010: Euro 46 million). Calculated on this adjusted basis, the equity ratio amounted to 39.7 % as of 30 June 2011 (30 September 2010: 35.7 %).

NON-CURRENT DEBT reduced to Euro 1.33 billion as of 30 June 2011, down Euro 167 million compared with the balance sheet date as of 30 September 2010 (Euro 1.50 billion). This decrease was chiefly due to the reduction in financial liabilities on account of reclassifications to current items, as well as to the reclassification already referred to above of financial derivatives recognised under IAS 39 with delivery dates in the 2011 calendar year from non-current to current other liabilities. This factor was countered by provisions for restructuring and higher deferred tax liabilities due to energy trading transaction measurement items.

CURRENT DEBT rose to Euro 1.02 billion, up Euro 67 million compared with 30 September 2010 (Euro 950 million). This increase was due on the one hand to higher current financial liabilities and on the other to the aforementioned reclassification of financial derivatives to current other liabilities. The current other liabilities reported as of 30 June 2011 included security deposits of Euro 1 million to reduce counterparty risk (30 September 2010: Euro 12 million). Further details can be found in the "Financial position and cash flow" section on Page 14 and in the notes to the interim consolidated financial statements from Page 24 onwards.

Investments

At around Euro 138 million, the volume of investment at the MVV Energie Group in the first nine months of 2010/11 was slightly lower than in the equivalent period in 2009/10 (Euro 141 million). Of this total, Euro 133 million was invested in intangible assets, property, plant and equipment and investment property (previous year: Euro 124 million). Investments focused on the Generation and Infrastructure reporting segment and chiefly related to the construction of two gas turbines at the Kiel subgroup, the Optima energy efficiency project at the energy to waste plant in Mannheim, the acquisition of wind energy plants and the completion of wood pellet production facilities at Energieversorgung Offenbach and the expansion of district heating grids in Mannheim and Offenbach. The joint district heating project in Ingolstadt and the extension and construction work at heat generation and cogeneration plants at the Czech subgroup are included in the figures for the Strategic Investments segment.

An amount of Euro 5 million was invested in other financial assets in the nine-month period under report (previous year: Euro 8 million). Furthermore, in the previous year an amount of Euro 9 million was also channelled into the acquisition of fully and proportionately consolidated companies.

Investments of the MVV Energie Group by reporting segment First nine months, 1.10. to 30.6.

Euro million	2010/11	2009/10 ¹ pro forma
Generation and Infrastructure	84	68
Trading and Portfolio Management	—	—
Sales and Services	12	25
Strategic Investments	21	18
Other Activities	16	13
Investments in property, plant and equipment²	133	124
Investments in financial assets	5	17
Total	138	141

¹ previous year's figures calculated as pro forma figures

² investments in intangible assets, property, plant and equipment and investment property

Financial position and cash flow

Non-current and current financial debt decreased to Euro 1.25 billion, down Euro 97 million compared with the balance sheet date as of 30 September 2010. This reduction was chiefly due to the reclassification of the lapsed Kiel put option outlined under equity. Net financial debt (financial debt less cash and cash equivalents) decreased to Euro 1.16 billion, down Euro 40 million compared with 30 September 2010.

The **CASH FLOW FROM OPERATING ACTIVITIES** reduced year-on-year by Euro 65 million to Euro 170 million in the first nine months of 2010/11. Alongside the decline in cash flow before working capital and taxes, this reduction was due to marked changes in other working capital and current provisions.

Net of the higher volume of investments in intangible assets, property, plant and equipment and investment property, amounting to Euro 133 million (previous year: Euro 124 million), the lower level of cash flow from operating activities led to a positive **FREE CASH FLOW** of Euro 37 million in the first nine months of 2010/11 (previous year: Euro 112 million).

The **CASH FLOW FROM INVESTING ACTIVITIES** was negative at Euro –124 million in the period under report (previous year: Euro –130 million). This development was due to the higher outflow of funds in the previous year for the acquisition of fully and proportionately consolidated companies.

At Euro –104 million, the **CASH FLOW FROM FINANCING ACTIVITIES** was less markedly negative in the first nine months of 2010/11 than in the previous year (Euro –298 million). The nine-month period under report was characterised in particular by net borrowing and a higher dividend payment to minority shareholders (Kiel put option). This contrasted with the high volume of net loan repayments in the previous year. According to the cash flow statement (see Page 22), the MVV Energie Group reported cash and cash equivalents of Euro 90 million at the balance sheet date as of 30 June 2011 (previous year: Euro 128 million).

Further details can be found in the notes to the balance sheet in the interim consolidated financial statements from Page 28 onwards.

Opportunity and Risk Report

Stable opportunity and risk situation in 3rd quarter of 2010/11

Via our group-wide risk management system, we continually and systematically identify the opportunities and risks facing the MVV Energie Group. This enables us to detect any potential risks to the company's continued existence at an early stage. The regular assessment of our opportunity and risk situation supports us in managing and optimising our business activities in the relevant energy supply and waste incineration markets.

Of the key exogenous factors influencing our business performance, the sales-related risks and opportunities due to weather factors now only play a subordinate role in the remaining months through to the end of the 2010/11 financial year.

The operating risks and opportunities in connection with power plant operations were well-balanced in the first three quarters of the 2010/11 financial year. Should our power plants be affected by any longer-term unscheduled downtime before the end of our financial year on 30 September 2011, then this could still lead our results to deteriorate due to lower output volumes and the resultant price risks.

We are currently observing persistently low spreads compared with previous years (especially the clean dark spread), a factor impeding our potential opportunities. The risks to the performance of our gas and electricity businesses due to developments in market prices are limited by our central energy trading company (24/7 Trading GmbH).

From the perspective of the MVV Energie Group, the overall opportunity and risk profile developed in line with expectations in the 3rd quarter of 2010/11. However, we cannot with absolute certainty exclude the possibility of one-off negative factors arising before the end of the 2010/11 financial year.

No new risks have been added to the risk categories listed from Page 92 onwards of the 2009/10 Annual Report. As in previous reporting periods, there are no indications of any risks that could have endangered the company's continued existence or that could do so in future.

Events After the Balance Sheet Date

Apart from the matters recorded below, there were no material changes in the underlying framework for our business between the balance sheet date on 30 June 2011 and the preparation of these interim consolidated financial statements for the 3rd quarter of 2010/11.

Court dismisses BUND lawsuit against Block 9

On 27 July 2011, the 10th Senate of Baden-Württemberg State Administration Court (VGH Mannheim) dismissed the lawsuit filed by Friends of the Earth Germany (BUND) against the air pollution approval granted to Block 9 at the large power plant in Mannheim (GKM). According to the court, GKM was legally entitled to the granting of an approval as the construction and operation of Block 9 did not infringe any public sector requirements. The court has granted permission for an appeal to be filed at the Federal Administration Court in Leipzig. BUND is currently reviewing whether it intends to appeal against the verdict.

Strategic partnership with Stadtwerke Walldorf

Subject to approval by the Federal Cartel Office, MVV Energie AG is set to acquire a 25.1 % stake in Stadtwerke Walldorf GmbH (annual sales: Euro 18 million) as of 1 January 2012. For MVV Energie, this new strategic partnership with the municipal utility company in Walldorf, a town of around 14 000 inhabitants in northern Baden, represents a major step towards expanding and boosting its regional network.

Major acquisition in Czech market

On 26 July 11, our Czech subgroup MVV Energie CZ a.s. successfully completed its takeover of a waste-fired heating energy plant in Liberec in northern Bohemia (100 000 inhabitants). By taking this step, we are further expanding our already stable position in the Czech heating energy market with investments in cogeneration and district heating. Around 98 000 tonnes of municipal waste were incinerated at the Termizo plant in Liberec last year. The plant generates 8.2 million kWh of electricity and around 194 million kWh of heating energy a year. This heating energy is distributed in the city by Teplarna Liberec, a district heating company in which MVV Energie CZ holds a 70 % stake. Our Czech subsidiary, which now operates in 17 Czech cities, generated sales of Euro 113 million in the 2009/10 financial year and currently has 615 employees.

Outlook

Future macroeconomic situation

Leading economic research institutes expect to see economic growth of between 2 % and 2.3 % in Germany in 2012 compared with the high level expected for 2011 as a whole. We see the political developments in the Middle East and the high level of debt in several euro area member states and the USA as representing the greatest risks with the potential to influence economic developments and the financial markets.

Future situation in the sector

Following the nuclear energy exit and energy turnaround legislation adopted by the Federal Parliament and the Federal Council, the energy industry faces a fundamental restructuring of the energy supply system. Alongside the expansion in renewable energies, flexible conventional generation capacities will also be needed to offset fluctuations in the volumes of electricity fed into the grid by solar and wind power plants. We expect adjustments still to be required in key structural aspects of the energy turnaround package. Coal prices are expected to rise due to the high level of demand in emerging economies and the increasing use of coal to generate electricity in the wake of the nuclear disaster in Japan. Higher coal prices, the accelerated exit from nuclear energy and the expansion of renewable energies and the electricity grids required to transport the electricity thereby generated – all these factors can be expected to impact on electricity prices as well.

Our future markets

We see a more decentralised energy supply as offering the key to the future. Electricity and heating energy should be produced where they are consumed, thus also reducing the need for transmissions grids. As a group of utility and energy supply companies with municipal and regional roots, MVV Energie is well positioned for the expansion in decentralised energy generation capacities. We are building on renewable energies as the main system underpinning the future energy supply in Germany. Within renewable energies, we are focusing on onshore wind energy plants and biomass. The benefits offered by onshore wind energy plants should be drawn on to assist in rapidly implementing the energy turnaround. Within the MVV Energie Group, we are constantly on the lookout for opportunities to invest in renewable energies.

Tailwind for cogeneration

In implementing the nuclear energy exit, we must focus not only on expanding renewable energies but also on enhancing energy efficiency, and that both in the generation of electricity and heating energy and in their consumption. Cogeneration, i.e. the simultaneous generation of electricity and heating energy, can help put primary fuels to efficient use on the generation front. When it comes to enhancing consumption, two key factors are renovating buildings and making optimised use of energy in industrial production processes.

We are making intense efforts to ensure that the energy turnaround legislation should also lead to the improvements we have long called for in the German Cogeneration Act (KWK), and thus support the expansion of cogeneration-based district heating. MVV Energie is already one of Germany's largest district heating suppliers. We will continuously expand our use of cogeneration to produce district and local heating at our locations in Mannheim, Kiel, Offenbach and Ingolstadt, as well as in the Czech Republic.

The construction of Block 9 at the large power plant in Mannheim (GKM) is a precondition for ensuring supply reliability and the expansion of district heating in the Rhine/Neckar metropolitan region on a long-term and energy-efficient basis. Due to delays in construction, this block is expected to commence operations in the 2014 calendar year.

The joint district heating project in Ingolstadt began operations on 6 July 2011. Stadtwerke Ingolstadt Energie GmbH is using waste industrial heat at Petroplus Raffinerie Ingolstadt GmbH and the energy from waste plant operated by the city of Ingolstadt to provide its key customer Audi and other major and private customers with environmentally-friendly district heating via its extended district heating grid. We expect the volume of district heating fed into the grid to rise by 130 GWh to up to 300 GWh a year as a result.

In July 2011, Stadtwerke Kiel AG started construction work at the large business park in Kiel-Suchsdorf (65 000 square meters). The supply of district heating and electricity is due to begin in January 2012.

Our Czech subgroup is investing at several locations in technological upgrades to its heat generation plants, as well as in the construction of gas-fired cogeneration plants.

The construction work within the COGEN II project is expected to be completed in the 2012/13 financial year. By taking over the energy from waste heating energy plant in the city of Liberec, MVV Energie CZ a.s. has further extended its position as one of the leading suppliers of district heating in the Czech Republic.

Entry into international waste market

The major order received to build and operate an energy from waste plant in the British port of Plymouth gives us the opportunity to draw on our experience in putting waste to ecological use on an international basis as well. Starting in 2014, the plant should process around 245 000 tonnes of waste a year to generate electricity and heating energy.

Opportunities in the energy-related services business

The energy turnaround package adopted by the government harbours opportunities for our energy-related services business. Here, we are primarily focusing on the forward-looking areas of contracting, energy efficiency and industrial parks. As an experienced provider of energy-related services, we offer innovative tailored products to our medium-sized industrial customers, as well as to our customers in the real estate and healthcare sectors.

Expansion of electricity/gas energy fund

We expect to see growing competition in our electricity and gas sales activities. In future, we will increasingly also be offering our successful electricity/gas energy fund for industrial and business customers to medium-sized companies as well.

Future research and development activities

We have drawn on the positive media reception granted to our Model City Mannheim E-Energy project to acquire further customers for the third round of field trials due to begin in autumn 2011. This involves equipping around 1 000 households in Mannheim with energy management systems. In these field trials we aim to investigate how modern information and communications technologies can be used to enhance energy efficiency and load shifting possibilities and how the fluctuating volumes of electricity generated from renewable energies and demand for electricity can be intelligently balanced out. MVV Energie aims to be in pole position when it comes to meeting the requirements of smart grids.

Sales and earnings forecast

During the process of converting our energy supply to renewable energies we can expect to see a longer period of far-reaching changes, unstable underlying conditions and ongoing volatility on the energy markets.

Turning to our sales and earnings for 2010/11 as a whole, we can confirm the forecast previously communicated. From a current perspective, we expect to be able to match the high previous year's figures both in terms of our sales and of operating earnings (adjusted EBIT), and that in spite of difficult market conditions. The earnings performance of the MVV Energie Group will continue to be shaped in coming years as well by the implementation of our growth strategy. Key value drivers in our existing business are the development in our generation margin (clean dark spread) and in waste prices. The clean dark spread is determined by electricity prices on wholesale markets on the one hand and the prices of coal and CO₂ emissions rights and the euro/dollar exchange rate on the other.

Future financial position: investments and financing

Our group of companies has sufficient funds to cover its future liquidity requirements. We currently see no financial restrictions at our Group due to rising borrowing costs. With an equity ratio of 39.7%, we have a solid financial basis to finance the investments of around Euro 3 billion budgeted through to 2010 with a balanced mix of internally generated and capital market funds. In our high-growth business activities, we draw not only on our cash flow from operations, but also on project-based optimised financing structures. Moreover, we are pooling various projects with similar structures and placing them on the capital market.

Future opportunities and risks

There are currently no indications of any risks which could endanger the continued existence of the company in the further course of the 2010/11 financial year or beyond. The implementation of our strategic alignment and our success in the British waste market offer opportunities for our Group to generate profitable growth in the medium and long term.

Statement of Comprehensive Income

from 1.10.2010 to 30.6.2011

Income statement of the MVV Energie Group

Euro 000s	1.4.2011 to 30.6.2011	1.4.2010 ¹ to 30.6.2010	1.10.2010 to 30.6.2011	1.10.2009 ¹ to 30.6.2010	Notes
Sales	832 481	754 032	2 845 309	2 702 527	
less electricity and natural gas taxes	49 418	42 737	166 553	148 274	
Sales after electricity and natural gas taxes	783 063	711 295	2 678 756	2 554 253	1
Changes in inventories	70	512	2 018	4 447	
Own work capitalised	4 106	3 040	10 388	9 103	
Other operating income	-15 217	74 225	217 146	334 602	2
Cost of materials	613 580	571 018	2 044 466	1 910 924	
Personnel expenses	81 401	80 850	243 789	242 085	
Other operating expenses	16 292	-37 142	234 447	323 855	2
Income from associates	6 398	1 640	10 442	8 372	
Other income from shareholdings	1 682	2 647	2 220	2 755	
EBITDA	68 829	178 633	398 268	436 668	
Depreciation	35 682	36 930	107 173	106 120	
EBITA	33 147	141 703	291 095	330 548	
Restructuring expenses	—	—	30 926	—	3
EBIT²	33 147	141 703	260 169	330 548	
of which result of IAS 39 derivative measurement	-9 620	99 523	46 685	79 495	
of which EBIT before result of IAS 39 derivative measurement	42 767	42 180	213 484	251 053	
Financing income	2 024	1 393	6 258	5 480	4
Financing expenses	16 502	17 807	48 919	64 346	4
EBT	18 669	125 289	217 508	271 682	
Taxes on income	6 363	38 410	69 863	87 154	5
Net surplus for period	12 306	86 879	147 645	184 528	
of which minority interests	1 975	4 659	21 214	11 519	
of which share of earnings attributable to shareholders in MVV Energie AG (net surplus for period after minority interests)	10 331	82 220	126 431	173 009	
Basic and diluted earnings per share in Euro	0.16	1.25	1.92	2.63	6

Statement of income and expenses recognised in group equity

Euro 000s	1.4.2011 to 30.6.2011	1.4.2010 to 30.6.2010	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010
Net surplus for period	12 306	86 879	147 645	184 528
Cash flow hedges	-9 965	1 004	3 323	1 817
Differential amounts from currency translation	673	-1 126	892	-1 844
Other income and expenses	-9 292	-122	4 215	-27
Comprehensive income for period	3 014	86 757	151 860	184 501
Minority interests	24 252	5 910	23 298	12 435
Comprehensive income for period attributable to shareholders in MVV Energie AG	-21 238	80 847	128 562	172 066

1 previous year's figures adjusted. Further details can be found under "Notes on the Income Statement"

2 information about the reconciliation of EBIT as reported in the income statement with the adjusted EBIT figure used for management purposes can be found in the interim group management report on Page 11

Balance Sheet

as of 30.6.2011

Balance sheet of the MVV Energie Group

Euro 000s	30.6.2011	30.9.2010	Notes
Assets			
Non-current assets			
Intangible assets	308 916	310 946	
Property, plant and equipment	2 076 184	2 057 796	
Investment property	5 944	6 058	
Associates	100 122	92 960	
Other financial assets	89 657	91 900	
Other receivables and assets	127 404	121 989	
Deferred tax assets	3 415	2 907	7
	2 711 642	2 684 556	
Current assets			
Inventories	60 799	57 448	
Trade receivables	527 070	432 151	8
Other receivables and assets	288 203	270 631	
Tax receivables	48 017	44 011	
Securities	1 414	1 495	
Cash and cash equivalents	89 968	147 101	9
	1 015 471	952 837	
	3 727 113	3 637 393	
Equity and liabilities			
Equity			11
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Accumulated net income	517 784	452 089	
Accumulated other comprehensive income	17 815	15 684	
Capital of the MVV Energie Group	1 159 561	1 091 735	
Minority interests	217 129	95 395	
	1 376 690	1 187 130	
Non-current debt			
Provisions	133 336	114 395	12
Financial debt	896 698	1 055 804	13
Other liabilities	142 113	183 077	14
Deferred tax liabilities	161 648	147 171	7
	1 333 795	1 500 447	
Current debt			
Other provisions	133 569	181 872	12
Tax provisions	23 822	23 010	
Financial debt	354 780	293 009	13
Trade payables	264 450	251 979	
Other liabilities	183 217	156 360	14
Tax liabilities	56 790	43 586	
	1 016 628	949 816	
	3 727 113	3 637 393	

Statement of Changes in Equity

from 1.10.2010 to 30.6.2011

Statement of changes in equity of the MVV Energie Group

	Equity contributed		Equity generated					Capital of the MVV Energie Group	Minority interests	Total capital
	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Statutory reserve of MVV Energie AG	Accumulated net income	IAS reserve	Group equity generated	Accumulated other comprehensive income			
Euro 000s										
Balance at 1.10.2009	168 721	455 241	1 278	171 385	198 746	16 351	- 1 612	1 010 110	103 029	1 113 139
Income and expenses recognised in equity	—	—	—	—	—	- 1 594	651	- 943	916	- 27
Result of business operations	—	—	—	—	173 009	—	—	173 009	11 519	184 528
Comprehensive income for period	—	—	—	—	173 009	- 1 594	651	172 066	12 435	184 501
Dividend distribution	—	—	—	—	- 59 316	—	—	- 59 316	- 11 046	- 70 362
Change in scope of consolidation	—	—	—	—	1 063	—	—	1 063	- 1 814	- 751
Balance at 30.6.2010	168 721	455 241	1 278	171 385	313 502	14 757	- 961	1 123 923	102 604	1 226 527
Balance at 1.10.2010	168 721	455 241	1 278	171 385	279 426	18 314	- 2 630	1 091 735	95 395	1 187 130
Income and expenses recognised in equity	—	—	—	—	—	774	1 357	2 131	2 084	4 215
Result of business operations	—	—	—	—	126 431	—	—	126 431	21 214	147 645
Comprehensive income for period	—	—	—	—	126 431	774	1 357	128 562	23 298	151 860
Sale of minority interests not leading to loss of control	—	—	—	—	—	—	—	—	120 578	120 578
Dividend distribution	—	—	—	—	- 59 316	—	—	- 59 316	- 24 034	- 83 350
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	—	- 154	- 154
Change in scope of consolidation	—	—	—	—	- 1 420	—	—	- 1 420	2 046	626
Balance at 30.6.2011	168 721	455 241	1 278	171 385	345 121	19 088	- 1 273	1 159 561	217 129	1 376 690

Segment Report

from 1.10.2010 to 30.6.2011

Income statement of the MVV Energie Group by segment from 1.10.2010 to 30.6.2011

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation	Adjusted EBIT
Generation and Infrastructure	238 131	423 979	70 999	109 725
Trading and Portfolio Management	505 691	777 269	218	29 092
Sales and Services	1 630 930	234 987	12 618	53 707
Strategic Investments	300 625	8 440	13 627	45 093
Other Activities	3 379	20 511	9 711	9 826
Consolidation	—	-1 465 186	—	181
Total	2 678 756	—	107 173	247 624

The conversion of reporting segments to the respective value creation stages has led to amendments in the presentation of the Segment Report. Further details can be found under Note 16.

For information purposes, the previous year's figures for the reporting segments have been derived and calculated in line with the new structure. The previous year's figures have been adjusted correspondingly and thus represent pro forma figures.

Income statement of the MVV Energie Group by segment from 1.10.2009 to 30.6.2010

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation	Adjusted EBIT
Generation and Infrastructure	236 083	537 943	68 921	114 537
Trading and Portfolio Management	494 310	1 345 860	225	33 753
Sales and Services	1 531 541	192 843	13 347	63 791
Strategic Investments	287 595	6 762	14 162	44 264
Other Activities	4 724	18 775	9 465	1 667
Consolidation	—	-2 102 183	—	-4 637
Total	2 554 253	—	106 120	253 375

Cash Flow Statement

from 1.10.2010 to 30.6.2011

Cash flow statement of the MVV Energie Group

Euro 000s	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010
Net surplus for period before taxes on income	217 508	271 682
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	107 173	106 120
Net financial result	42 661	58 866
Interest received	6 133	5 398
Change in non-current provisions	23 642	6 156
Other non-cash income and expenses	-46 948	-73 612
Result of disposal of non-current assets	958	233
Cash flow before working capital and taxes	351 127	374 843
Change in other assets	-206 932	-172 373
Change in other liabilities	127 161	111 164
Change in current provisions	-53 047	-30 923
Income taxes paid	-47 952	-47 044
Cash flow from operating activities	170 357	235 667
Investments in intangible assets, property, plant and equipment and investment property	-133 212	-123 734
(Free cash flow)	(37 145)	(111 933)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	4 714	1 917
Proceeds from subsidy payments	7 903	5 302
Proceeds from sale of other financial assets	1 835	3 998
Payments for acquisition of fully and proportionately consolidated companies	—	-9 495
Payments for other financial assets	-5 077	-7 874
Cash flow from investing activities	-123 837	-129 886
Proceeds from taking up of loans	128 714	105 614
Payments for redemption of loans	-106 018	-274 290
Dividend payment	-59 316	-59 316
Dividend payment to minority shareholders	-24 034	-11 046
Change due to changes in capital at minority shareholders	471	—
Interest paid	-43 672	-59 138
Cash flow from financing activities	-103 855	-298 176
Cash-effective changes in cash and cash equivalents	-57 335	-192 395
Change in cash and cash equivalents due to currency translation	-59	-835
Change in cash and cash equivalents due to changes in scope of consolidation	261	—
Cash and cash equivalents at 1.10.2010 (2009)	147 101	321 170
Cash and cash equivalents at 30.6.2011 (2010)	89 968	127 940

Cash flow – aggregate presentation

Euro 000s	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010
Cash and cash equivalents at 1.10.2010 (2009)	147 101	321 170
Cash flow from operating activities	170 357	235 667
Cash flow from investing activities	- 123 837	- 129 886
Cash flow from financing activities	- 103 855	- 298 176
Change in cash and cash equivalents due to currency translation	- 59	- 835
Change in cash and cash equivalents due to changes in scope of consolidation	261	—
Cash and cash equivalents at 30.6.2011 (2010)	89 968	127 940

Notes to the Interim Consolidated Financial Statements

for the First Nine Months of 2010/11

Disclosures concerning the company

MVV Energie AG has its legal domicile in Mannheim, Germany. The MVV Energie Group acts as an energy distribution company and service provider in its reporting segments of generation and infrastructure, trading and portfolio management, sales and services and strategic investments.

These abridged interim consolidated financial statements were prepared by the Executive Board on 9 August 2011. The abridged interim consolidated financial statements and interim group management report were not subject to any audit review requirement.

Accounting policies

The abridged interim consolidated financial statements for the period from 1 October 2010 to 30 June 2011 have been prepared in accordance with IFRS accounting requirements as adopted by the EU, and in particular with IAS 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all notes and disclosures required of a complete set of annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 30 September 2010. No application has been made of published standards and interpretations not yet requiring mandatory application.

Apart from the new requirements outlined below, the accounting policies applied in the interim consolidated financial statements as of 30 June 2011 therefore correspond to those applied in the consolidated financial statements as of 30 September 2010.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have amended and newly adopted some standards and interpretations which require mandatory application for the first time in the abridged interim consolidated financial statements. The following standards and interpretations were applied at the MVV Energie Group for the first time in the 2010/11 financial year:

Improvement Project (2010)	Omnibus standard amending various IFRSs
IFRS 1 Amendment (2010)	Limited Exemption from IFRS 7 Disclosures for First-time Adopters
IFRS 1 Amendment (2008)	First-time Adoption of International Financial Reporting Standards
IFRS 2 Amendments (2009)	Clarification of Accounting for Group Cash-settled Share-based Payment Transactions
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The initial application of these new requirements did not have any material implications for the net asset, financial and earnings position of the MVV Energie Group.

The preparation of the interim consolidated financial statements in some cases required the use of assumptions and estimates which impacted on the values stated for the assets, liabilities, income and expenses thereby reported. Actual figures could in individual cases deviate at a later point in time from the assumptions and estimates thereby made. Resultant amendments would have a corresponding impact on earnings upon more accurate information becoming available.

Changes in the scope of consolidation

Alongside MVV Energie AG, those German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights are included in the interim consolidated financial statements of the MVV Energie Group. The relevant control concept requires the parent company to exercise a controlling influence for a company to be fully consolidated. This is the case for all fully consolidated companies. Associates are recognised using the equity method, while jointly controlled companies are proportionately consolidated.

The number of companies included is presented in the following table:

Scope of consolidation

	Companies fully consolidated	Companies accounted for at equity	Companies proportionately consolidated
30.9.2010	61	12	7
Mergers	5	—	—
Additions	15	2	—
30.6.2011	71	14	7

The following companies were founded in the 2010/11 financial year and included in the scope of consolidation: MVV Grünenergie GmbH, Mannheim, Shared Services Center GmbH, Mannheim, MVV ENVIRONMENT DEVONPORT LIMITED, Plymouth, MVV Umwelt UK GmbH, Mannheim, Windpark Kirchberg GmbH & Co. KG, Offenbach, Windpark Kappel Nord GmbH & Co. KG, Offenbach, Windpark Staatsforst GmbH & Co. KG, Offenbach, Windpark Reckershausen GmbH & Co. KG, Offenbach, Windpark Reich GmbH & Co. KG, Offenbach, Windpark Kappel Süd GmbH & Co. KG, Offenbach, Windpark Kludenbach GmbH & Co. KG, Offenbach, Windpark Metzenhausen GmbH & Co. KG, Offenbach, and Umspannwerk Kirchberg GmbH & Co. KG, Offenbach. Shared Services Center GmbH, Mannheim, now owns the shared service companies 24/7 IT-Services GmbH, Kiel, 24/7 Metering GmbH, Offenbach, and 24/7 United Billing GmbH, Offenbach. The inclusion of these companies did not have any material implications for the financial, net asset and earnings position of the MVV Energie Group.

MVV Energiedienstleistungen GmbH Nord, Hamburg, MVV Energiedienstleistungen GmbH Süd, Gersthofen, and MVV Energiedienstleistungen GmbH West, Solingen, were merged into MVV Energiedienstleistungen Regional GmbH, Mannheim, in the 2010/11 financial year. These mergers did not have any implications for the net asset, financial and earnings position of the Group.

At the Czech subgroup, Vodovody a kanalizace Studénka s.r.o., Studénka, Czech Republic, was merged into Zásobování teplem Vsetín a.s., Vsetín, Czech Republic, and IROMEZ s.r.o., Pelhřimov, Czech Republic, was merged into Pelhřimovské teplo s.r.o., Prague, Czech Republic. Pelhřimovské teplo s.r.o., Prague, Czech Republic was subsequently renamed as IROMEZ s.r.o., Prague, Czech Republic. The receiving companies are group companies. These mergers did not have any implications for the net asset, financial and earnings position of the Group.

Cerventus Naturenergie GmbH, Offenbach, was founded in the previous year and reported under other majority shareholdings. Dabit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Wiesbaden, was founded in the previous year and reported under other shareholdings. These companies were included in the scope of consolidation of the MVV Energie Group upon commencing significant business activities. The inclusion of these companies did not have any implications for the net asset, financial and earnings position of the MVV Energie Group.

TradeSoft RM GmbH, Cologne, was founded in the 2010/11 financial year, while Fernwärme-Rhein-Neckar GmbH, Mannheim, was reported in the previous year under other shareholdings. Both companies have been accounted for at equity in the 2010/11 financial year.

Currency translation

The currency translation in the abridged interim consolidated financial statements has been based on the following exchange rates:

Currency translation

	Rate on reporting date		Average rate	
	30.6.2011	30.9.2010	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010
1 Euro				
Czech crowns (CZK)	24.345	24.600	24.507	25.795
British pounds (GBP)	0.903	0.860	0.865	0.882

Source: European Central Bank

Seasonal influences on business activities

The seasonal nature of business activities at the companies in the MVV Energie Group means that a higher level of sales and operating earnings is regularly generated in the first two quarters of the financial year than in the 3rd and 4th quarters.

Notes on the Income Statement

1 Sales

A depiction of sales broken down into their respective value creation stages has been provided in the segment report. The growth in sales compared with the first nine months of the previous year was driven above all by volume growth in the electricity trading business and in nationwide electricity and gas sales. These developments were slightly offset by price factors.

2 Other operating income and other operating expenses

Other operating income

	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010
Euro 000s		
Income from derivatives recognised under IAS 39	134 210	260 105
Income from emissions rights	24 600	20 591
Reversal of provisions	6 890	12 100
Other	51 446	41 806
Total	217 146	334 602

Other operating expenses

	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010
Euro 000s		
Expenses for derivatives recognised under IAS 39	87 525	180 610
Expenses for emissions rights	21 317	20 585
Other	125 605	122 660
Total	234 447	323 855

Material items within other operating income and expenses have been reported in detail for the first time in the nine-month period under report.

The decline in other operating income and other operating expenses was mainly attributable to the recognition of derivatives measured in accordance with IAS 39.

The positive net item resulting from IAS 39 measurement amounted to Euro 46 685 thousand in the first nine months of 2010/11 (previous year: Euro 79 495 thousand).

As part of the new control approach, in the 2010/11 financial year we are reporting the concession duty under cost of materials and not, as in previous years, under other operating expenses. The figures reported for the previous year have been adjusted accordingly (Euro 42 898 thousand).

3 Restructuring expenses

Following the conclusion of the MVV 2020 project and the related "Once Together" implementation project, restructuring expenses were incurred at the MVV Energie Group at the end of the 1st quarter of the 2010/11 financial year. These restructuring expenses, which represent a non-operating earnings item, have been reported in a separate line item in the income statement.

The restructuring expenses amount to Euro 30 926 thousand and mainly relate to the recognition of restructuring provisions for socially responsible personnel cuts. A smaller share involves restructuring provisions for material expenses. The restructuring provisions are not of any relevance for control purposes. In the interests of transparency, they have been reported in a separate line item within operating earnings. These expenses are not included in the adjusted EBIT figure.

4 Financing income and financing expenses

Financing income includes an amount of Euro 3 214 thousand resulting from interest income in connection with finance leases (previous year: Euro 2 322 thousand).

The contractually agreed period in which the City of Kiel could have offered its 49 % share in Stadtwerke Kiel AG for purchase by MVV Energie AG (put option) expired upon the conclusion of 6 November 2010.

In the first nine months of 2010/11, the share of the dividend distribution relating to the City of Kiel, amounting to Euro 12 740 thousand, was recognised for the first time under dividend distributions at minority interests. In the previous year, this item had been recognised under interest expenses (Euro 9 611 thousand). Further details can be found in Note 11.

5 Taxes on income

Taxes on income

Euro 000s	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010
Taxes on income	69 863	87 154
Effective tax rate in %	32.1	32.1

In the period under report, the tax expenses for earnings before IAS 39 were calculated using the tax rate of 32.7 % expected for the 2010/11 financial year as a whole. The tax rate for earnings after IAS 39 amounts to 32.1 %.

6 Earnings per share

Earnings per share

	1.4.2011 to 30.6.2011	1.4.2010 to 30.6.2010	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010
Earnings attributable to shareholders in MVV Energie AG ¹ (Euro 000s)	10 331	82 220	126 431	173 009
No. of shares in 000s (weighted average)	65 907	65 907	65 907	65 907
Earnings per share ¹ (Euro)	0.16	1.25	1.92	2.63

¹ unadjusted

It was not necessary to account for any dilution effects.

Notes on the Balance Sheet

7 Deferred taxes

The increase in deferred tax assets and deferred tax liabilities was mainly attributable to measurement items in connection with energy trading transactions and the resultant possibility of netting these items.

8 Trade receivables

The increase in trade receivables in the first nine months of the 2010/11 financial year corresponds to the customary seasonal course of business. Customer instalments do not compensate in full for the increased energy turnover during the winter months and thus lead to a seasonal rise in trade receivables. The slight increase in sales in the first nine months of the 2010/11 financial year is also reflected in a higher volume of receivables.

9 Cash and cash equivalents

The reduction in cash and cash equivalents was primarily due to payment of the dividend for the 2009/10 financial year, as well as to higher investments and lower margining deposits.

10 Dividend distribution

The Annual General Meeting held on 18 March 2011 approved the distribution of a dividend of Euro 0.90 per share for the 2009/10 financial year (total: Euro 59 316 thousand). Furthermore, a total sum of Euro 24 034 thousand was distributed to minority shareholders on the level of the subgroups.

11 Equity

The contractually agreed period in which the City of Kiel could have offered its 49 % share in Stadtwerke Kiel AG for purchase by MVV Energie AG (put option) expired upon the conclusion of 6 November 2010.

Consistent with the relevant International Financial Reporting Standards, this put option represented a financial obligation (debt capital) which was recognised until 6 November 2010 under current financial debt (please also see Note 13). The expiry of the put option and resultant discontinuation of the purchase price payment previously liable on a daily basis has been treated as a sale of minority interests not leading to a

loss of control. The fair value of the purchase price payment, amounting to Euro 120 578 thousand, has therefore been allocated to minority interests. This item had no implications for the cash flow of the MVV Energie Group.

In previous years, the share of the dividend distribution due to the City of Kiel (in the 2009/10 financial year: Euro 9 611 thousand) was accordingly treated as interest expenses (please see Note 4). In the first nine months of 2010/11, this item, amounting to Euro 12 740 thousand, was reported in the dividend distributions at minority interests.

12 Provisions

Following the conclusion of the MVV 2020 project and the related "Once Together" implementation project, restructuring provisions amounting to Euro 30 926 thousand were recognised at the MVV Energie Group. These mainly involve provisions for socially responsible personnel cuts. A smaller share involves restructuring provisions for material expenses. The non-current share of these provisions amounts to Euro 19 582 thousand. The restructuring provisions are not of any relevance for control purposes. In view of this, they have been reported as a separate line item within operating earnings (please see Note 3).

The reduction in current other provisions was chiefly due to the utilization of personnel provisions. Furthermore, there was a marked reduction in provisions for services not yet invoiced due to receipt of the relevant invoices, as well as in provisions for miscellaneous items, in this case mainly as a result of ongoing utilization.

13 Financial debt

The contractually agreed period in which the City of Kiel could have offered its 49 % share in Stadtwerke Kiel AG for purchase by MVV Energie AG (put option) expired upon the conclusion of 6 November 2010.

Consistent with the relevant International Financial Reporting Standards, this put option represented a financial obligation (debt capital) until 6 November 2010. Until this date, this item was recognised at fair value under current financial debt.

The expiry of the put option and resultant discontinuation of the purchase price payment liable on a daily basis has been treated as a sale of minority interests not leading to a loss of control. The fair value of the minority interest, amounting to Euro 120 578 thousand, has therefore been allocated to minority interests (please also see Note 11).

This item was countered in particular by reclassifications of items with congruent terms out of non-current financial debt.

14 Other liabilities

The reduction in non-current other liabilities was chiefly due to the reclassification of energy trading derivatives with delivery dates in the 2011 calendar year from non-current to current other liabilities. This item was opposed by the increase in the fair value of energy trading transactions recognised in line with IAS 39.

The increase in current other liabilities compared with 30 September 2010 was above all the result of the aforementioned reclassification of energy trading derivatives with delivery dates in the 2011 calendar year from non-current to current other liabilities. This increase was partly countered by the decline in security payments made to reduce counterparty risk due to sharp fluctuations in the fair values of energy trading derivatives (margins).

15 Contingent liabilities

There have been no material changes in contingent liabilities since 30 September 2010.

16 Segment report

In the course of our new planning and control approach, both our internal controlling structures and our external reporting have been amended since the 2010/11 financial year. This realignment was intended to group units in line with their individual performance factors in such a way that the pooling of suitable specialist competence under one roof forms the basis for stringent portfolio management at the Group. The product segments stated in line with the risk and reward approach set out in IAS 14, namely electricity, gas, district heating, water, value-added services and environmental energy, were no longer able to perform this task.

Business fields based on the respective stages of the value chain have been allocated to the new reporting segments of "Generation and Infrastructure", "Trading and Portfolio Management", "Sales and Services", "Strategic Investments" and "Other Activities".

In analytical terms, the business fields can be further broken down by subgroup and individual companies with their products.

- The Generation and Infrastructure reporting segment comprises the conventional power plants, energy from waste plants and biomass power plants at the MVV Energie AG, Stadtwerke Kiel AG, Energieversorgung Offenbach AG and MVV Umwelt GmbH subgroups, as well as the waterworks and wind farm portfolio. Moreover, this segment also includes grid facilities for electricity, district heating, gas and water and technical service units allocated to the grids business field for the grid-based distribution of electricity, district heating, gas and water.
- The Trading and Portfolio Management reporting segment includes energy procurement and portfolio management and the energy trading business at 24/7 Trading GmbH.
- The Sales and Services reporting segment includes the retail business at the MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG subgroups. It encompasses supplies of electricity, district heating, gas and water to end customers and the energy-related services business at the MVV Energiedienstleistungen GmbH and Energieversorgung Offenbach AG subgroups.
- The Strategic Investments reporting segment consists of the Stadtwerke Solingen GmbH, Stadtwerke Ingolstadt GmbH, Köthen Energie GmbH and MVV Energie CZ a.s. subgroups. The Solingen GmbH and Stadtwerke Ingolstadt GmbH subgroups are proportionately reported.
- The Other Activities reporting segment consists in particular of the newly founded company Shared Services Center and of cross-divisional functions. Consolidation includes figures relating to transactions with other reporting segments that are eliminated for consolidation purposes.

Given the scope and complexity of the structural changes introduced as of 1 October 2010 and the resultant substantial change in group-internal supply relationships within the business fields no fundamental basis of data is available to calculate previous year's figures. In view of this, for information purposes we have derived the previous year's figures on aggregate level in line with the new reporting structure and calculated these figures in some cases; these represent proforma figures.

Intercompany sales represent the volume of sales between segments. The transfer prices applied to transfers between the segments correspond to customary market terms. Segment sales are equivalent to the total of intercompany and external sales.

The income statement segment report presented in accordance with IFRS 8 is based on the segment earnings (adjusted EBIT) used for internal management purposes. The segment earnings of individual business segments do not include the results of non-operating IAS 39 measurement items in connection with financial derivatives (Euro 46 685 thousand; previous year's period: Euro 79 495 thousand). The figures also do not include any restructuring expenses. On segment level, the figures also do not include any income on shareholdings held in fully and proportionately consolidated companies. These adjusted EBIT figures are supplemented by that income in connection with finance leases forming part of our business model (especially contracting) and that we therefore believe forms part of operating earnings contributions.

17 Cash flow statement

The cash flow before working capital and taxes declined slightly in the period under comparison. The reduction in the net surplus for the period before income taxes compared with the first nine months of 2009/10 was due on the one hand to IAS 39 measurement, which has in turn been eliminated under other non-cash income and expenses. The cash flow before working capital and taxes was also significantly influenced by the recognition of non-current provisions for restructuring.

The decline in the cash flow from operating activities in the first nine months of 2010/11 was due to changes in other working capital, as well as in current provisions.

The cash flow from investing activities was affected by higher investments in property, plant and equipment in the current financial year and by the investments made in fully and proportionately consolidated companies in the previous year. Year-on-year, there was a slight decline in the cash flow from investing activities. The cash flow from financing activities was characterised by a higher volume of net new borrowing, thus contrasting with the substantial loan repayments made in the previous year's period. The dividend payment to minorities chiefly relates to the distribution made to the City of Kiel, reported in the past under interest paid. This amended presentation is due to the expiry of the put option held by the City of Kiel.

18 Related party disclosures

Numerous contractually agreed legal relationships are in place between companies of the MVV Energie Group and the City of Mannheim and the companies controlled by the latter (electricity, gas, water and district heating supply agreements, as well as rental, leasing and service agreements). Moreover, a concession agreement is in place between MVV Energie AG and the City of Mannheim.

All business relationships have been concluded on customary market terms and are basically analogous to the supply and service agreements concluded with third parties.

Related party disclosures

	Goods and services provided				Receivables		Liabilities	
	Income		Expenses		30.6.2011	30.9.2010	30.6.2011	30.9.2010
	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010	1.10.2010 to 30.6.2011	1.10.2009 to 30.6.2010				
Euro 000s								
Abfallwirtschaft Mannheim	160	208	2 680	2 456	229	346	1 765	792
ABG Abfallbeseitigungs- gesellschaft mbH	21 682	22 441	3 521	3 960	20	300	1 164	315
GBG Mannheimer Wohnungsbaugesellschaft mbH	10 347	10 512	101	61	6	5	220	—
m:con – Mannheimer Kongress- und Touristik GmbH	2 677	2 662	263	226	5 138	8 121	28	—
MVV GmbH	355	534	218	1 731	57	154	1	2
MVV Verkehr GmbH	242	868	2	5	127	397	3	1
Rhein-Neckar-Verkehr GmbH	5 574	7 119	606	364	1 430	5 293	855	1 170
Stadtentwässerung Mannheim	1 576	1 867	396	508	129	168	30	53
City of Mannheim	8 990	7 794	16 634	16 819	1 570	1 743	7 129	1 807
Other companies controlled by the City of Mannheim	4 760	6 522	206	227	832	261	1	190
Associates	56 613	38 701	172 272	142 658	14 939	4 671	9 783	7 468
Proportionately consolidated companies	84 798	68 033	14 435	9 961	25 615	32 491	5 790	15 274
Other majority shareholdings	1 428	2 255	2 636	2 914	4 532	4 375	509	1 064
Total	199 202	169 516	213 970	181 890	54 624	58 325	27 278	28 136

19 Events after the balance sheet date

We are not aware of any events after the balance sheet date.

Mannheim, 9 August 2011

MVV Energie AG

Executive Board



Dr. Müller



Brückmann



Dr. Dub



Farrenkopf

Responsibility Statement

“We affirm that, to the best of our knowledge, the interim consolidated financial statements give a true and fair picture of the net asset, financial and earnings position of the Group in accordance with the accounting principles applicable for interim reporting and the interim group management report provides a fair review of the development and performance of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group through to the end of the 2010/11 financial year.”

Mannheim, 9 August 2011

MVV Energie AG

Executive Board



Dr. Müller



Brückmann



Dr. Dub



Farrenkopf

Financial Calendar

- 15. 12. 2011** Annual Financial Report 2010/11
(Annual Report)
- 15. 12. 2011** Annual Results Press Conference
and Analysts' Conference
- 15. 2. 2012** Financial Report
1st Quarter of 2011/12
- 16. 3. 2012** Annual General Meeting
- 19. 3. 2012** Dividend Payment
- 15. 5. 2012** Half-Year Financial Report 2011/12
- 15. 5. 2012** Press Conference
and Analysts' Conference
1st Half of 2011/12
- 15. 8. 2012** Financial Report
3rd Quarter of 2011/12

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